



SIMPLIFIED USER GUIDE

**Related to the Withholding Tax on Services
Performed Wholly or Partially in the State**



The General Tax Authority has issued this guide for the purpose of clarifying the withholding tax on services performed wholly or partially in the State, and the obligations arising from it

*The contents of this guide do not constitute an amendment to any of the laws or regulations in force in the State.

*This guide is not considered a legal reference and cannot be relied upon in judicial rulings or tax disputes.

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◆ Definitions

Term	Definition
Non-Resident	Any person who does not meet the conditions of tax residency. A resident is defined as: “Any individual who has a permanent home available to him in the State, or who resides in the State continuously or intermittently for more than 183 days in a year, or who holds Qatari nationality; and any entity whose place of incorporation is in the State and whose main and actual place of management and control is in the State.”
Permanent Establishment	A fixed place of business through which a non-resident wholly or partly carries on business activity. This includes a branch, office, factory, workshop, or a site for construction or installation.
Withholding Tax	A final tax deducted at source at a rate of 5% of the gross amount of royalties, interest, commissions, and consideration for services wholly or partly performed in the State and paid to non-residents for activities not related to a permanent establishment in the State.
Legal Person	Any independent legal entity such as companies, establishments, or associations, whether private or public.
Tax Card	A document issued by the General Tax Authority that certifies a taxpayer’s registration for tax purposes.

◆ Definitions

Consideration for services performed wholly or partially in the State of Qatar and paid to non-residents for activities not related to a permanent establishment in the State of Qatar is subject to a final withholding tax of 5% on the gross amount, in accordance with the provisions of tax treaties and pursuant to Article (9), Paragraph (2) of Income Tax Law No. 24 of 2018.

A service is considered to be performed wholly or partially in the State if any work necessary for its completion is carried out within the State. This includes, in particular, data collection, site inspection, and execution of the service—even if such work is carried out by a person other than the taxpayer. The mere delivery of the service is not considered a necessary act for its completion. Services shall also be deemed to be performed in the State as long as they are used, consumed, or enjoyed in the State, even if they are carried out wholly or partially outside the State.



◆ Purpose of the Guide

To provide the taxpayer with instructional information regarding the withholding tax on services performed wholly or partially in the State, in accordance with Income Tax Law No. 24 of 2018, its Executive Regulations, and their amendments.

This guide is limited to the withholding tax on “services performed wholly or partially in the State.”

◆ Tax Obligations and Scope



Amounts Subject to Withholding

- | For services performed wholly or partially in Qatar



Registration

- | Any taxpayer registered with the Authority for income tax purposes is considered registered for withholding tax purposes.
- | The Authority registers entities subject to withholding tax, such as ministries, institutions, and associations, and issues them a registration number upon submitting their first statement of withheld amounts and payment.



Entities Obligated to Withhold at Payment

- | Natural persons conducting business activities in Qatar.
- | Legal entities resident in Qatar.
- | Ministries and governmental bodies.
- | Public authorities and institutions.
- | Permanent establishments in Qatar of non-resident persons.



Amounts Not Subject to Withholding at Source

- | Reinsurance.
- | Shipping and ticket sales.
- | Maritime transport of petroleum, its derivatives, and manufactured products derived from it.



Tax Due Date

The tax becomes due on the date the consideration for services is paid for the purpose of withholding at source. Amounts shall be deemed as paid after a maximum period of 12 months from their due date, except for those payable by government entities. Withholding at source on such amounts shall be considered payable to the Authority.



Tax Liability Date

- | Individuals holding a tax card.
- | Individuals registered with the Qatar Financial Centre (QFC).
- | Permanent establishments of non-resident persons that are tax-registered.



Remittance of Tax to the Authority through the Dhareeba System

- | The remittance shall be made before the 16th day of the month following the month in which the withholding is made.
- | A withholding certificate must be issued to the beneficiary, in accordance with the General Tax Authority's prescribed form.



Refund of withholding tax amounts collected without justification

- | A non-resident person who has been subject to withholding income tax is entitled to submit a tax refund request.
- | If the refund request relates to the application of a tax treaty between the State of Qatar and the person's country of residence, the treaty must be in force at the time of the request.
- | The request may be submitted by the person concerned or by an authorized representative acting on their behalf.
- | If the General Tax Authority approves the request, the refund shall be processed in accordance with the refund procedures specified in the Income Tax Law, its Executive Regulations, and their amendments.

Refund of withholding tax amounts collected without justification

- | Payment of an amount exceeding the withholding tax liability and the financial penalty due from the taxpayer for a specific tax period.
- | Amendment of the withholding tax return by the taxpayer, resulting in a reduction of the tax due.
- | Implementation of final decisions or judgments issued in tax dispute cases.
- | Application of a Double Taxation Avoidance Agreement (DTAA).

◆ Practical Examples

Practical Example (1):

Q: A government ministry pays a commission to a non-resident company for facilitating the import of specialized equipment for the institution.

A: This payment is subject to withholding tax at source because it represents payment for services performed inside Qatar and paid to a non-resident.

Practical Example (2):

Q: A government ministry pays a commission to a non-resident company for facilitating the import of specialized equipment for the institution.

A: This payment is subject to withholding tax at source because government ministries are obligated to withhold tax when paying commissions to non-residents.

Practical Example (3):

Q: A permanent establishment of a non-resident company registered for tax purposes in Qatar provides services to a Qatari company and receives its dues via a local transfer.

A: This payment is not subject to withholding tax at source because the permanent establishment is registered and holds a tax card.

Practical Example (4):

Q: A non-resident company without a permanent establishment in the country (Company A) prepares a technical study worth QAR 20,000 for the benefit of a resident company (Company B) within the country. The study results were delivered on 20/06/2023. Company B did not submit the withholding tax statement, considering it has not paid the due amounts to Company

A: According to Article 21 of the Executive Regulations of the Income Tax Law, these amounts are considered as actually paid after 12 months at most from the due date. Company B is therefore required to submit the withholding tax statement for June 2024, no later than 16/07/2024, regarding the aforementioned technical studies.

◆ Financial Penalties



Any person who fails to withhold tax at source

A financial penalty equal to the amount of tax that was not withheld, in addition to paying the due tax amount.

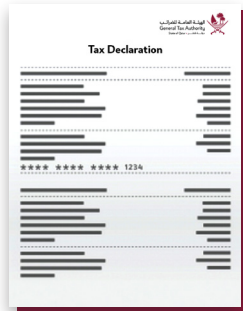


Any taxpayer who fails to pay the tax within the prescribed period, and any natural or legal person who fails to remit the amount of tax withheld at source within the specified deadlines.

A financial penalty of two percent (2%) of the amount of tax due for each month of delay or part thereof, not exceeding the total amount of tax due.

◆ The difference in calculating Income Tax and Withholding Tax

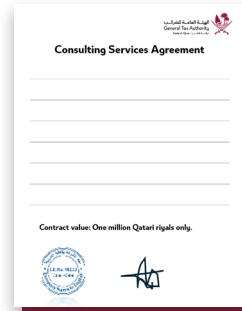
Income Tax



Method of Calculation

Total Revenues	XX
Minus: Total Expenses	(XX)
Equals: Net Profit	XX
Minus: Accumulated Losses	(XX)
Equals: Taxable Income	XX
Multiply by: Foreign Partner's Share	XX
Multiply by: Tax Rate	%10
Equals: Tax Due	XX

Withholding Tax



Method of Calculation

$$\begin{aligned} &\text{Contract Value (Service Fees)} \times 5\%: \\ &1,000,000 \times 5\% \\ &= 50,000 \end{aligned}$$

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